

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0513-01  
Bill No.: HB 275  
Subject: Employees - Employers; Immigration; Crimes and Punishment  
Type: Original  
Date: February 12, 2013

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Bill Summary: This proposal requires all employers and business entities to enroll and actively participate in a federal work authorization program and imposes stricter penalties for employing unauthorized aliens.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration - Budget and Planning** assume this proposal expands to all business entities the requirement to participate in a federal work authorization program, which currently applies to public employers and select business entities. The proposal establishes fines for noncompliance in the amount of \$500, \$1,000, and \$2,500 for the first, second, and third and subsequent violations, respectively. Penalties collected would be deposited in county school funds to be distributed to local schools.

The proposal also authorizes a business entity to deduct the costs incurred from participation in a federal work authorization program from the business entity's state income or business taxes. This would reduce Total State Revenue by an unknown amount and would be counted toward the 18e calculation.

Officials at the **Department of Revenue** assume that if an entity deducts the costs incurred for participating in federal work authorization programs from income and business taxes, it may reduce Total State Revenue.

Officials at the **Department of Corrections** assume this proposal would necessitate modifications to the Department's MOUs with contractors, as it mandates contractors comply with all provisions of the work authorization statutes. The impact of the changes of this proposal are unknown.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **City of Kansas City, Department of Agriculture, Department of Conservation, Department of Economic Development, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Public Safety - Alcohol and Tobacco Control, Department of Public Safety - Capitol Police, Department of Public Safety - Fire Safety, Department of Social Services, Francis Howell School District, Lincoln University, Linn State Technical College, Metropolitan Community College, Missouri Highway Patrol, Missouri National Guard, Missouri Southern State University, Northwest Missouri State University, Missouri Western State University, Office of the Governor, Office of Prosecution Services, Office of the State**

ASSUMPTION (continued)

**Auditor, Office of State Courts Administrator, Office of the State Public Defender, Office of State Treasurer, Parkway School District, St. Louis County, State Emergency Management Agency, State Tax Commission, University of Central Missouri and the University of Missouri** each assume there is no fiscal impact to their organization from this proposal.

Officials at the **Missouri Veterans Commission** assume an unknown impact.

Officials at the **Missouri State University** assume this would add additional rules and reports that would necessitate additional time and administration.

Officials at the **Johnson County** assume it is unclear how this would impact the county.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process.

**Oversight** assumes that since the E-Verify program is free to use and the penalties are high for not using it that employers will comply with the law and few penalties will be assessed. Therefore, Oversight assumes this proposal would have no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that do not comply with this proposal could be impacted.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City  
Department of Agriculture  
Department of Conservation  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education

JH:LR:OD

SOURCES OF INFORMATION (continued)

Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
Department of Revenue  
Department of Social Services  
Francis Howell School District  
Johnson County  
Lincoln University  
Linn State Technical College  
Metropolitan Community College  
Missouri Highway Patrol  
Missouri National Guard  
Missouri Southern State University  
Missouri State University  
Missouri Veterans Commission  
Missouri Western State University  
Northwest Missouri State University  
Office of Administration  
    Budget and Planning  
Office of Attorney General  
Office of the State Auditor  
Office of the Governor  
Office of Prosecution Services  
Office of the Secretary of State  
Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer  
Parkway School District  
State Emergency Management Agency

SOURCES OF INFORMATION (continued)

State Tax Commission  
St. Louis County  
University of Central Missouri  
University of Missouri

A handwritten signature in black ink, appearing to read "Ross Strobe".

Ross Strobe  
Acting Director  
February 12, 2013